

**COMMONWEALTH OF MASSACHUSETTS  
BEFORE THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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BAY STATE GAS COMPANY  
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**PETITION OF BAY STATE GAS COMPANY FOR APPROVAL TO  
PARTICIPATE IN A MONEY POOL AGREEMENT UNDER  
MASSACHUSETTS GENERAL LAWS, CHAPTER 164, § 17A. AS AMENDED**

Bay State Gas Company (“Bay State” or the Company) hereby petitions the Massachusetts Department of Telecommunications and Energy (“the Department”) for authorization to participate in the NiSource Inc. System Money Pool (“the Money Pool”) with certain affiliates, pursuant to Massachusetts General Laws, c. 164, § 17A, as amended. In support of its petition, Bay State represents as follows:

1. Bay State is a gas company subject to the provisions of Chapter 164 of the Massachusetts General Laws, as amended.
2. Subject to requisite authority and approval, Bay State and certain affiliates propose to participate in an arrangement to aggregate their short-term cash surpluses in order to invest such surplus funds to achieve an investment rate that will be generally higher than the typical yield on short-term money market investments or to borrow from the Money Pool at its weighted average short term debt rate.
3. The Money Pool is intended to replace the Company’s currently existing funds pooling arrangement which was originally approved by the Department in D.P.U. 96-69 and subsequently amended pursuant to D.T.E. 98-31, effective March 30, 2001.
4. Under the NiSource Inc. System Money Pool Agreement (“Agreement”), parties can invest their funds surpluses in the Money Pool and each eligible party may borrow to meet

its short-term borrowing needs. NiSource Inc., NiSource Capital Markets, Inc., NiSource Finance Corp. and Columbia Energy Group may invest but not borrow from the Money Pool. To the extent that the combined surpluses are not sufficient to meet the parties' short-term requirements, commercial paper or other short-term debt instruments would be issued to meet the short-term borrowing needs of the borrowing companies. Loans from, the Money Pool would be made at an interest rate which reflects the interest costs of the consolidated Money Pool. The administrative costs incurred in obtaining external funds to meet their combined short-term borrowing requirements will be allocated among the investing parties. The operations of the Money Pool parallel those of the currently existing funds pooling arrangement in which the Company participates.

5. Bay State seeks the Department's approval to participate in the proposed Agreement pursuant to M.G.L. c. 164, § 17A, which requires that a gas company obtain the Department's written authorization to "...loan its funds to . . . any corporation...." Bay State believes its proposed arrangement is consistent with the public interest, which standard requires that Massachusetts ratepayers be at least as well -served by approval of a proposal as by its denial. See Bay State Gas Company, D.P.U. 91-165(1992) and Boston Edison Company, D.P.U. 850 (1983). The Agreement has been structured with the intent of providing net benefits to all participating companies.

6. As the proposed Agreement ultimately will provide benefits to customers of the Company, and is clearly in the public interest, Bay State requests the Department's expedited review and approval of this petition on or before December 1, 2001 in order that Bay State may become a participant in this Money Pool and begin receiving the benefits of participation.

WHEREFORE, Bay State requests that the Department enter an Order finding:

1. That Bay State is authorized pursuant to M.G.L. c. 164, § 17A, to participate in the proposed NiSource Inc. System Money Pool Pooling Agreement, and to loan or invest its funds as may be required thereunder; and
2. That the Department take such further steps and make such other findings as may be necessary and consistent with the Company's petition.

Respectfully submitted,

BAY STATE GAS COMPANY

By its attorneys,

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Dated: September \_\_\_\_\_, 2001